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Albania

OVERVIEW OF TELECOMMUNICATIONS IN ALBANIA

Albanian telecommunications reflect the overall economical situation and have low penetration. The Albanian Government is convinced that in order to overcome this backward situation in telecommunications, a huge investment needs to be made in the sector. As Government funds are not sufficient to achieve this, Government has already stated its intention to **privatize state owned companies**, and to **gradually open market for competition**. Based on the above-mentioned strategy, the following are some of the achieved tasks:

- 1998:** Telecommunications, except voice telephony, were opened to competition. Telecommunications Regulatory Entity was established as an independent regulatory body.
- 1999:** Telecommunications policy paper was approved by Council of Ministers with its Decision No. 288 dated 18.6.1999. The tender for privatization of Albanian Mobile Communications (AMC), the sole cellular operator, was launched.
- 2000:** Law No. 8618 dated 14.6.2000 "On telecommunications in the Republic of Albania" was adopted by the Parliament. In August, 85% of shares of AMC were sold to Cosmote/Telenor consortium. In September 2000, the tender for licensing the 2nd mobile operator was launched.

1 Regulatory structure

With the adoption of new law No. 8618, dated 14.6.2000 on "Telecommunications in the Republic of Albania", the Albanian telecommunications regulatory structure consists of the General Directorate of PT (GDPT), and the Telecommunications Regulatory Entity (TRE) (Figure 1). GDPT acts as adviser to the Minister in charge of telecommunications (actually Minister of Public Economy and Privatization). The Minister is in charge for policy and legislation. On the other hand, TRE is in charge for regulation and licensing.

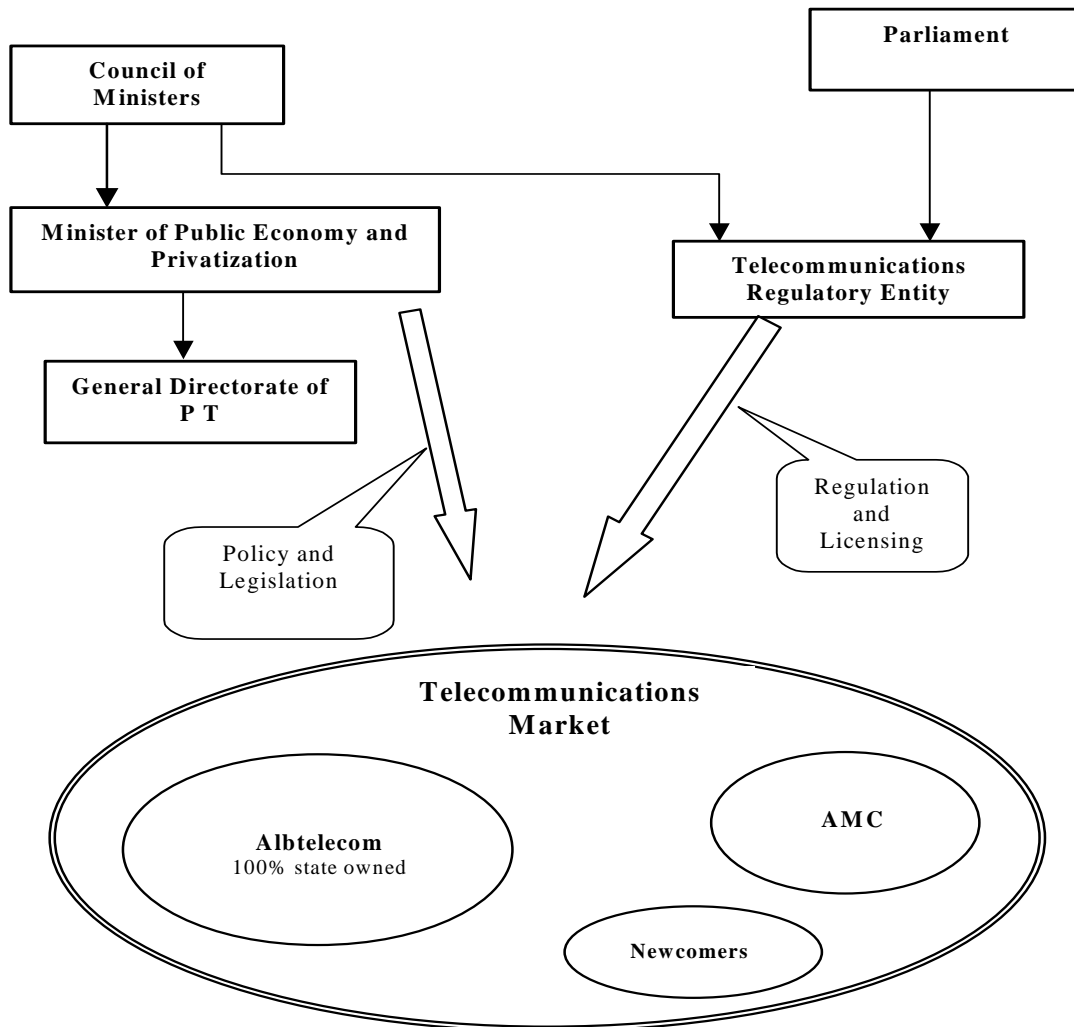


FIGURE 1

Albanian telecommunications structure

2 Market segments

Fixed telephony

Telecommunications in Albania have low penetration, around 4%. Albtelecom, the sole operator providing fixed telephone services with around 160 000 customers and a digitalized network of around 80%, has an exclusivity right until the end of 2002 to provide fixed national, international telephony and local calls in urban areas.

Taking into consideration rural telecommunications, which are almost at zero level, these are not considered as an Albtelecom exclusivity. Since this year, the Telecommunications Regulatory Entity has issued six licences to provide fixed telecommunications in rural areas, based on a "first come - first served" principle.

Privatization of Albtelecom through an international tender is one of the Albanian Government's priorities. The privatization formula has not yet been decided, but Government does not intend to maintain management control.

Mobile telephony

Currently the sole company operating in this market segment is Albanian Mobile Communications (AMC). Its services are provided based on GSM 900 technology. The AMC network covers 26% of the territory with 45% of population, and serves to around 18 000 customers. The cities mainly covered are Tirana, Laci, Durresi, Kruja, Lezha, Shkodra, Lushnja, Fieri, Vlora and Elbasan.

In August 2000, 85% of its shares were transferred to Cosmote/Telenor consortium, which is currently running the company.

In September 2000 the tender for licensing of the 2nd GSM operator was launched. Further information can be found at the website: www.AlbaniaGSMtender.com.al.

GMPCS

The law on telecommunications approved this year, by classifying GMPCS as a liberalized service, opened the green light to GMPCS operators. So far, interest for operating in this field has been expressed by Elsacom, Global Star provider.

Remaining segments

Since 1998, these segments are fully open to competition. So far, the Telecommunications Regulatory Entity has issued three paging licences and ten authorizations for Internet providers. There are around 500 paging users, and 5 000 Internet users. Low income and low computer knowledge penetration are identified as the main obstacles for Internet development.

3 Next steps

- Licensing, by TRE, of the 2nd GSM operator - deadline: February 2001.
- Drafting of a policy paper on spectrum usage, with ITU assistance, and of a frequency allocation table.
- Drafting of a policy paper on the development of telecommunications in rural areas.
- Privatization of Albtelecom - deadline: end of 2001.
- Definition of price cap approach for rebalancing of tariffs for services offered by Albtelecom. Tariffs rebalancing should be completed by the end of 2002, when competition will start in fixed telephony.
- Drafting of a policy paper on the information society.
- Implementation of EC directives on telecommunications.

